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DIRECTORATE OF
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Economic Intelligence Weekly

(ANNEX)

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8 March 1973

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ECONOMIC INTELLIGENCE WEEKLY

China Relies on US Agricultural Imports

The United States has become a primary supplier of grain, cotton, and vegetable oil to China because of world shortages. Contracts for farm products to be delivered in 1973 are worth roughly \$200 million. [REDACTED]

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Chinese imports of all major agricultural commodities will be at record or near-record levels this year. Some 5.5 million to 6 million tons of grain are likely to be delivered, compared with imports of 4.8 million tons in 1972 and a record 6.6 million tons in 1964. Firm commitments for grain deliveries in the first half of 1973 have reached 4.5 million tons, of which about 1 million tons will be of US origin. [REDACTED]

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Total PRC imports of cotton from August 1972 through July 1973 will be upwards of 435,000 tons (2 million bales), roughly three times the 1971-72 level. [REDACTED]

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[REDACTED] The 1973 Chinese cotton crop will be below average because of sizable shifts of cotton land to grain cultivation, and Peking is already purchasing cotton from the new US crop which will be harvested in the fall and winter of 1973. [REDACTED]

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China's unusually heavy buying in world agricultural commodity markets is mainly attributable to a poor 1972 harvest. Adverse weather conditions in many important producing areas more than offset increased supplies of fertilizers, pesticides, and irrigation equipment. Autumn-harvested grains - corn, millet, and sorghum - and cotton were well below regime expectations, particularly in the North China area. This region is China's most important cotton-growing region and is also an area where imported grain is required to feed the major cities even when harvests are good. Severe world shortages of grain and oilseeds and, to a lesser extent, supplies of suitable grades of cotton forced the regime to make purchases at high prices from the United States.

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